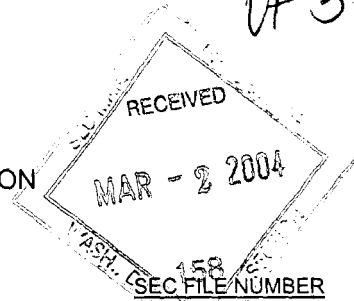


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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/1/03 AND ENDING 12/31/03

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

OFFICIAL USE ONLY

Charleston Capital Corporation
f/k/a Clayton, Dunning & Company, Inc.

FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2901 S. Bayshore Drive, #1E

(No. and Street)

Miami

FL

33133

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Robert C. Lau

305-445-8776

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Turner & Associates, LLP

(Name -- if individual, state last, first, middle name)

One SE Third Avenue, #1440

Miami

FL

33131

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions

FOR OFFICIAL USE ONLY:

PROCESSED

MAR 30 2004

**THOMSON
FINANCIAL**

VF 3-1704

00329

OATH OR AFFIRMATION

I, Robert C. Lau, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Charleston Capital Corporation, f/k/a Clayton, Dunning & Company Inc., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the Company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

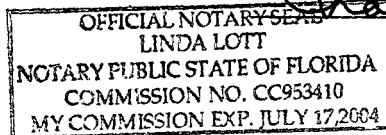
N/A

Robert C. Lau

Signature

Linda Lott

Notary Public



Chairman

Title

This report** contains (check all applicable boxes):

- ☒ (a) Facing page
- ☒ (b) Statement of Financial Condition
- ☒ (c) Statement of Income (Loss)
- ☒ (d) Statement of Changes in Financial Condition
- ☒ (e) Statement of Changes in Stockholders' Equity
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3
- N/A ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3
- N/A ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation
- ☒ (l) An Oath or Affirmation
- N/A ☐ (m) A copy of the SIPC Supplemental Report
- N/A ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit
- ☒ (o) Independent auditors' report on internal accounting control

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3)

FINANCIAL STATEMENTS

DECEMBER 31, 2003

CHARLESTON CAPITAL CORPORATION
f/k/a CLAYTON, DUNNING & COMPANY INC.

MIAMI, FLORIDA

TURNER & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

SunTrust International Center
One Southeast Third Avenue
Suite 1440
Miami, Florida 33131

Telephone 305-377-0707
Facsimile 305-377-0787
www.turnercpas.com

INDEPENDENT AUDITORS' REPORT

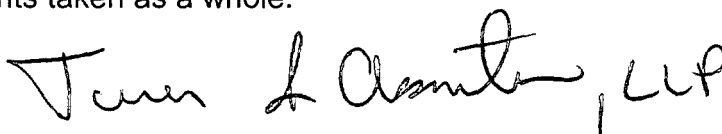
Board of Directors
Charleston Capital Corporation
Miami, Florida

We have audited the accompanying statement of financial condition of Charleston Capital Corporation (the "Company") as of December 31, 2003 and the related statements of income and changes in stockholder's equity, and statement of changes in financial condition for the year then ended, that you are filing pursuant to the rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charleston Capital Corporation at December 31, 2003, and the results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 23, 2004

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003
CHARLESTON CAPITAL CORPORATION

ASSETS

ASSETS

| | |
|---------------------------|-----------------|
| Cash and cash equivalents | \$ 6,540 |
| Equipment, at cost, net | 7,829 |
| Deposit | <u>3,600</u> |
| Total assets | <u>\$17,969</u> |

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

\$ -

STOCKHOLDER'S EQUITY

| | |
|---|---------------|
| Common stock, \$0.01 par value, authorized 1,000 shares, issued 1,000 shares | 10 |
| Additional paid-in capital | 18,509 |
| Accumulated deficit | <u>(550)</u> |
| Total liabilities and stockholder's equity | <u>17,969</u> |

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME AND CHANGES
IN STOCKHOLDER'S EQUITY
YEAR ENDED DECEMBER 31, 2003
CHARLESTON CAPITAL CORPORATION

REVENUES

| | |
|----------------------|----------|
| Commissions and fees | \$ 4,632 |
|----------------------|----------|

EXPENSES

| | |
|--------------------------|------------|
| Depreciation | \$ 2,781 |
| Insurance | 440 |
| Licenses and permits | 3,012 |
| Office and miscellaneous | 2,765 |
| Professional fees | <u>750</u> |

| | |
|----------------|--------------|
| Total expenses | <u>9,748</u> |
|----------------|--------------|

| | |
|----------|---------|
| Net loss | (5,116) |
|----------|---------|

| | |
|---------------------------------------|---------------|
| STOCKHOLDER'S EQUITY, January 1, 2003 | <u>23,085</u> |
|---------------------------------------|---------------|

| | |
|---|-----------------|
| STOCKHOLDER'S EQUITY, December 31, 2003 | <u>\$17,969</u> |
|---|-----------------|

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
YEAR ENDED DECEMBER 31, 2003
CHARLESTON CAPITAL CORPORATION

NONE

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN FINANCIAL CONDITION
YEAR ENDED DECEMBER 31, 2003
CHARLESTON CAPITAL CORPORATION

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|--------------|
| Net loss | \$ (5,116) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | |
| Depreciation | 2,781 |
| Decrease in prepaid expenses | <u>3,005</u> |

Net cash provided by operating activities \$ 670

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment (471)

Net increase in cash 199

CASH AND CASH EQUIVALENTS, January 1, 2003 6,341

CASH AND CASH EQUIVALENTS, December 31, 2003 \$ 6,540

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003
CHARLESTON CAPITAL CORPORATION

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Charleston Capital Corporation f/k/a Clayton Dunning & Company Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company is a corporation incorporated under the laws of the State of Florida. The Company completes all customer transactions through another broker-dealer on a fully disclosed basis. The Company collected fees and commissions from several different sources in 2003, and is continuing to explore new business opportunities for 2004 and beyond.

COMMISSIONS

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciated using the straight line method over the estimated useful lives of the assets.

INCOME TAXES

No liability or provision for income taxes appears on the accompanying financial statements as the Company has elected to be treated as an "S" corporation for federal income tax purposes. Pursuant to the election, the corporate income is taxed to the Company's stockholder.

NOTE 2 - RELATED PARTY TRANSACTION

During 2003, the Company was provided office space at no charge by its shareholder.

SCHEDULE I
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2003
CHARLESTON CAPITAL CORPORATION

| | | |
|----|--|-----------------|
| 1 | Total ownership equity (o/e) | \$17,969 |
| 2 | Deduct o/e not allowable for net capital | - |
| 3 | Total o/e qualified for net capital | 17,969 |
| 4 | Add: | |
| | A Allowable subordinated liabilities | - |
| | B Other deductions or credits | - |
| 5 | Total capital and allowable subloans | 17,969 |
| 6 | Deductions and/or charges | |
| | A Total non-allowable assets: | |
| | Equipment, at cost, net | 7,829 |
| | Deposits | <u>3,600</u> |
| | Total | 11,429 |
| | B Secured demand note deficiency | - |
| | C Cap charges for spot and commodity futures | - |
| | D Other deductions and/or charges | |
| 7 | Other additions and/or allowable credits | - |
| 8 | Net capital before haircuts | <u>6,540</u> |
| 9 | Haircuts on securities: | |
| | A Contractual commitments | - |
| | B Subordinated debt | - |
| | C Trading and investment securities: | |
| | 1 Exempted securities | - |
| | 2 Debt securities | - |
| | 3 Options | - |
| | 4 Other securities | - |
| | D Undue concentration | - |
| | E Other | <u>-</u> |
| 10 | Net capital | <u>\$ 6,540</u> |

See independent auditors' report

SCHEDULE I (CONTINUED)
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
 OF THE SECURITIES AND EXCHANGE COMMISSION (CONTINUED)
 AS OF DECEMBER 31, 2003
 CHARLESTON CAPITAL CORPORATION

| | |
|---|----------------|
| 11 Minimum net capital required: (based on aggregate indebtedness) | N/A |
| 12 Minimum dollar requirement | <u>5,000</u> |
| 13 Net capital requirement (greater of line 11 or 12) | 5,000 |
| 14 Excess net capital | <u>1,540</u> |
| 15 Excess net capital @ 1000% (net capital - 10% of AI) | <u>\$6,540</u> |
| Computation of aggregate indebtedness | |
| 16 Total AI liability from balance sheet | - |
| 17 Add: | |
| A Drafts for immediate credit | - |
| B Market value of sec borrowed where no equivalent value is paid or credited | - |
| C Other unrecorded amounts | <u>-</u> |
| 19 Total aggregate indebtedness | - |
| 20 Ratio of AI/NC | N/A |
| 21 Percentage of debt to debt equity | N/A |
| Reconciliation with Company's computations (included in Part II of Form X-17A-5 as of December 31, 2003): | |
| Net capital, as reported in Company's Part II (unaudited) FOCUS report | <u>\$6,540</u> |

See independent auditors' report

SCHEDULE II
COMPUTATION FOR DETERMINATION OF
RESERVE REQUIREMENTS UNDER RULE 15c3-3 OF
THE SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2003
CHARLESTON CAPITAL CORPORATION

NOT APPLICABLE

See independent auditors' report

SCHEDULE III

INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2003
CHARLESTON CAPITAL CORPORATION

NOT APPLICABLE

See independent auditors' report